

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name CITY OF SCOTTVILLE	County MASON
Audit Date 6/30/05	Opinion Date 8/24/05	Date Accountant Report Submitted to State: 9/29/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Brickley DeLong, PLC			
Street Address 500 Terrace Plaza, P.O. Box 999		City Muskegon	State MI
		ZIP 49443-0999	
Accountant Signature <i>Timothy D. Carter, C.P.A. for Brickley DeLong, PLC</i>		Date 9/28/05	

City of Scottville
Mason County, Michigan

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

Year ended June 30, 2005

City of Scottville
LIST OF ELECTED AND APPOINTED OFFICIALS
June 30, 2005

Mayor Leon Begue

Mayor Pro Tem Cindy Gleason

City Council..... Bonnie Pfefferle
Richard Maki
Ron Merrill
Joe Baxter
Donna Baker Petersen

APPOINTED OFFICIALS

City Manager/Clerk..... Amy Hansen

Deputy City Clerk/Utility Clerk..... Deborah Howe

Finance Officer/Treasurer..... Susan Oppermann

Police Chief Larry Nichols

City of Scottville

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This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. This report consists of a series of financial statements for the City of Scottville as of June 30, 2005. The City of Scottville's basic financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the City operations in more detail than the government-wide financial statements.

This report also contains other required supplementary information in addition to the basic financial statements themselves.

FINANCIAL HIGHLIGHTS

At the close of the fiscal year the City of Scottville had total assets of \$10,443,636 and total liabilities of \$3,465,499 leaving total net assets of \$6,978,137. Of this amount, \$961,177 (unrestricted net assets) may be used to meet the ongoing obligations to citizens and creditors. The City has heavy infrastructure investments in water and sewer, evidenced by business-type total net assets of \$5,214,714, over 75% of total net assets.

Business-type functions had net income of \$649,162 comprised of \$634,392 of net income for sewer operations and \$14,770 of net income for water operations. A capital contribution for the sewer project of \$733,406 contributed to the income of the Sewer Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances. The statements are similar to those of a private sector business.

The Statement of Net Assets presents information of all the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when the event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

Both of the government-wide statements mentioned above distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are designed to recover all or a significant part of their costs through user fees and charges for services (business type activities). The government activities of the City include general government, public safety, public works, community and economic development, and cultural and recreational activities. The business-type activities of the City include the water and sewer services.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories; governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on current sources, uses, and balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a governmental entity's short-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the two.

The City maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds

The City of Scottville has two enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations. Enterprise funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the City's programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The reader is encouraged to include the reading of this section in any attempt to analyze and understand these statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budgetary information as it relates to the actual expenditures for the General Fund.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on budgetary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

Recall that the Statement of Net Assets provides the perspective of the City as a whole. The following table provides a summary of the City's net assets. As of June 30, 2005 the City's net assets from governmental activities totaled \$1,763,423 and \$5,214,714 from business-type activities, a government-wide net asset total of \$6,978,137. For comparison purposes as of June 30, 2004, the City's net assets from governmental activities totaled \$1,657,313 and \$4,564,731 from business-type activities, a government wide net asset total of \$6,222,044.

In examining composition of assets, the reader should note that the amount of governmental activities invested in capital assets (i.e., streets, buildings, furniture and equipment, etc.) are used to provide services to the residents, and are not available to pay salaries, operational expenses or fund capital projects.

	Governmental Activities		Business-type Activities		Total	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Current assets and other assets	\$ 1,413,868	\$ 1,346,820	\$ 526,554	\$ 569,433	\$ 1,940,422	\$ 1,916,253
Capital assets	<u>770,303</u>	<u>735,179</u>	<u>7,732,911</u>	<u>7,128,515</u>	<u>8,503,214</u>	<u>7,863,694</u>
Total assets	<u>2,184,171</u>	<u>2,081,999</u>	<u>8,259,465</u>	<u>7,697,948</u>	<u>10,443,636</u>	<u>9,779,947</u>
Long-term liabilities outstanding	296,287	301,171	2,816,278	2,824,921	3,112,565	3,126,092
Other liabilities	<u>124,461</u>	<u>123,515</u>	<u>228,473</u>	<u>308,296</u>	<u>352,934</u>	<u>431,811</u>
Total liabilities	<u>420,748</u>	<u>424,686</u>	<u>3,044,751</u>	<u>3,133,217</u>	<u>3,465,499</u>	<u>3,557,903</u>
Net assets						
Invested in capital assets, net of related debt	680,614	397,069	4,774,333	4,161,294	5,454,947	4,558,363
Restricted	<u>376,384</u>	<u>86,966</u>	<u>185,629</u>	<u>93,271</u>	<u>562,013</u>	<u>180,237</u>
Unrestricted	<u>706,425</u>	<u>1,173,278</u>	<u>254,752</u>	<u>310,166</u>	<u>961,177</u>	<u>1,483,444</u>
Total net assets	<u>\$ 1,763,423</u>	<u>\$ 1,657,313</u>	<u>\$ 5,214,714</u>	<u>\$ 4,564,731</u>	<u>\$ 6,978,137</u>	<u>\$ 6,222,044</u>

Changes in Net Assets

The results of this year's operations for the City as a whole are reported in the Statement of Activities, which shows the changes in net assets for fiscal year 2005. You will also see a revenue and expense comparison from fiscal year 2004.

Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenues:						
Program revenues						
Charges for services	\$ 179,348	\$ 187,327	\$ 476,497	\$ 450,087	\$ 655,845	\$ 637,414
Operating grants and contributions	128,433	126,942	-	-	128,433	126,942
Capital grants and contributions	49,800	-	736,567	3,357,626	786,367	3,357,626
General revenues						
Property taxes	397,321	379,406	-	-	397,321	379,406
Grants and contributions not restricted to specific programs	165,967	167,204	-	-	165,967	167,204
Other	36,024	30,270	7,897	5,440	43,921	35,710
Total revenues	<u>956,893</u>	<u>891,149</u>	<u>1,220,961</u>	<u>3,813,153</u>	<u>2,177,854</u>	<u>4,704,302</u>
Expenses:						
General government	239,883	245,283	-	-	239,883	245,283
Public safety	183,310	173,808	-	-	183,310	173,808
Public works	284,190	215,495	-	-	284,190	215,495
Community and economic development	4,268	2,172	-	-	4,268	2,172
Culture and recreation	132,882	110,885	-	-	132,882	110,885
Interest on long-term debt	6,250	3,066	-	-	6,250	3,066
Sewer	-	-	409,110	116,055	409,110	116,055
Water	-	-	161,868	174,056	161,868	174,056
Total expenses	<u>850,783</u>	<u>750,709</u>	<u>570,978</u>	<u>290,111</u>	<u>1,421,761</u>	<u>1,040,820</u>
Change in net assets	106,110	140,440	649,983	3,523,042	756,093	3,663,482
Net assets - beginning of year	<u>1,657,313</u>	<u>1,516,873</u>	<u>4,564,731</u>	<u>1,041,689</u>	<u>6,222,044</u>	<u>2,558,562</u>
Net assets - end of year	<u>\$ 1,763,423</u>	<u>\$ 1,657,313</u>	<u>\$ 5,214,714</u>	<u>\$ 4,564,731</u>	<u>\$ 6,978,137</u>	<u>\$ 6,222,044</u>

Governmental Activities

During the fiscal year ending June 30, 2005, the City of Scottville experienced an overall increase in the net assets from fiscal year ending June 30, 2004. In total the net assets increased by \$106,110 or approximately 6%. The main contributor(s) to the increase in net assets was a grant the City received from the State of Michigan for a new boat launch and the increase in the property taxes collected. The increase in the property taxes came from the addition of the Diversified Natural Products facility opening in January of 2005. The City was also able to retire some debt this fiscal year.

Looking forward to next fiscal year, we can anticipate another increase in net assets with the further expansion of the Diversified Natural Products facility as well as a new 29 unit subdivision that was made possible by a 425 Agreement with Custer Township this past year.

Business-type Activities

During the fiscal year ending June 30, 2005, the City of Scottville experienced an overall increase in the net assets from fiscal year ending June 30, 2004. In total the net assets increased by \$649,983 or approximately 14%. The increase in assets was due in part to the capital contribution by Mason County for the Wastewater Project.

This project was started in 2003 and has been completed as of year end, with only some minor activity remaining on the project. The City had been increasing sewer rates every six months for the past few years to be in a position to start paying back the sewer debt at the completion of the project. The last increase in sewer rates took affect this past fiscal year. It is likely that in the future activity in the business-type activities will stabilize with the completion of the project.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As stated earlier in this discussion and analysis, the City of Scottville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances in spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the 2005 fiscal year, the governmental funds reported a combined undesignated fund balance of \$960,120 of which \$685,726 is in the General Fund. There were no unreserved fund deficits in any of the City's governmental funds. The remainder of the fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed to 1) pay debt service and advances \$3,249; 2) pay capital purchases and liquidate inventories and prepaids \$41,477; 3) pay maintenance of rights of way \$9,921; 4) pay improvements for Riverside Park \$36,827; 5) reserves for perpetual care \$86,541 and appropriated for next year's expenditures \$54,146.

The General Fund is the chief operating fund of the City. The General Fund pays for administration, public safety, general public works, assessments, elections, legal, recreation, boards and commissions, and other minor functions. The General Fund ended the year with a fund balance of \$727,462, an \$18,212 increase from fiscal 2004. The health of the General Fund may be measured by the ratio of unreserved General Fund balance to annual General Fund expenditures. Unreserved fund balance represents 98% of the General Fund expenditures.

An increase in property tax revenues enabled the General Fund revenues to exceed expenditures by \$18,065 before transfers. After transfers, the net change in fund balance was a modest increase of \$18,212. A grant from the State of Michigan funded 75% of the boat launch improvements at Riverside Park. The combined non-major governmental funds realized a modest net increase in fund balance of \$12,665 for the fiscal year.

Proprietary funds

The City's proprietary funds provide the same type of information found in the governmental financial statement, but in more detail. A significant event in fiscal year 2005 was the City made additional payments on the loan from Mason County for the ineligible costs associated with the sewer project. This early payback was made possible from the use of fund balance in the sewer fund that was contributed to the increase in the sewer rates for the past several years (this was done in anticipation of the sewer project). The City is also considering increasing the water rates as its seen a steady decline in revenues in the water fund. At this time the rate increase has not been formally adopted and is being reviewed at committee level.

Budget Analysis – General Fund

At various times throughout any budget year, budget amendments are needed to reflect changing financial conditions and changes to financial policy. Culture and recreation increased its budget to reflect the park rangers salaries and because new fire pits were installed.

Capital Asset Administration

The City's most significant capital asset expenditure this year was the completion of the boat launch project at the City's boat launch. This project cost approximated \$60,000. The City also continued to complete the regional sewer project with additional costs capitalized of approximately \$765,000.

Debt Administration

As of June 30, 2005 the City had outstanding long-term liabilities of \$3,325,909 consisting of various debt amounts in the General Fund, Garbage and Refuse Fund, Sewer Fund and the Water Fund. The most significant debt is that in the Sewer Fund due in part to the Regional Sewer Project that was completed. The total Sewer Fund debt approximates \$2,534,000 or 76% of the total.

On the governmental side of the City, the largest source of debt is the landfill remediation costs. The liability is estimated each year based on the average actual costs over the three most recent years, then extrapolated to the number of years remaining. The change in estimate is used to restate the balance of the debt at the beginning of the year. The balance of the landfill remediation liability at June 30, 2005 is \$243,600 or 7% of total debt of the City.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Scottville's 2005-06 budget calls for a decrease in the City's Operating Millage from 17.5095 to 17.3659 due to a Headlee Rollback. Even with the decrease in millage the City will have an increase in total tax collections as the City's taxable value has increased significantly. The taxable value increase was largely due in part to the Diversified Natural Products capital investment. Another significant event in the upcoming year will be the addition of 12 + acres the City now has jurisdiction over from a 425 Agreement with Custer Township. The City has approved a 29 unit site condominium project for this new property.

As mentioned above, the City is still considering increasing the water rates as the last few years have experienced a decline in the revenue of that fund. The City is also looking at the possibility of painting the water tower as well as making two significant capital outlay purchases in the Motor Pool Fund.

The City has also applied for two DNR grants for upgrades to the Riverside Park campground and the City boat launch area. At this time the status of the grants is unknown.

Contacting the City's Management

This financial report is intended to provide our citizens, taxpayers, residents, voters, customers and investors with a general overview of the City's finances as well as to depict the City's accountability for the money it receives and spends. If you have questions about this report or need additional information, we welcome you to contact City Hall at 231-757-4729, Scottville City Hall, located at 105 North Main Street, Scottville, MI 49454. Scottville City Hall is open Monday through Friday from 8:00 AM to 5:00 PM excluding most national holidays.

BRICKLEY DELONG

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

August 24, 2005

City Council
City of Scottville
Scottville, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Scottville as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Scottville's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Scottville as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The managements' discussion and analysis and budgetary comparison information on pages i through vi and 29 are not a required part of the basic financial statement but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

BRICKLEY DELONG

City Council
August 24, 2005
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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Scottville's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Brickley DeLong, PLC

City of Scottville
STATEMENT OF NET ASSETS
June 30, 2005

ASSETS

	Governmental activities	Business-type activities	Total
CURRENT ASSETS			
Cash and investments	\$ 1,310,957	\$ 281,574	\$ 1,592,531
Restricted cash and investments	-	62,269	62,269
Receivables	26,381	41,179	67,560
Internal balances	(6,560)	6,560	-
Due from other governmental units	74,392	-	74,392
Inventories	3,789	11,612	15,401
Prepaid items	4,909	-	4,909
Total current assets	1,413,868	403,194	1,817,062
NONCURRENT ASSETS			
Restricted cash and investments	-	123,360	123,360
Capital assets, net	770,303	7,732,911	8,503,214
	<u>770,303</u>	<u>7,856,271</u>	<u>8,626,574</u>
Total assets	2,184,171	8,259,465	10,443,636

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES			
Accounts payable and accrued liabilities	22,946	27	22,973
Due to other governmental units	19,525	45,746	65,271
Customer deposits	-	9,230	9,230
Deferred revenue	8,800	-	8,800
Bonds and contracts, due within one year	61,700	142,300	204,000
Accrued interest, due within one year	2,146	31,170	33,316
Compensated absences, due within one year	9,344	-	9,344
Total current liabilities	124,461	228,473	352,934
NONCURRENT LIABILITIES			
Bonds and contracts, less amounts due within one year	271,589	2,816,278	3,087,867
Compensated absences, less amounts due within one year	24,698	-	24,698
Total noncurrent liabilities	296,287	2,816,278	3,112,565
Total liabilities	420,748	3,044,751	3,465,499
NET ASSETS			
Invested in capital assets, net of related debt	680,614	4,774,333	5,454,947
Restricted for:			
Public works	245,117	-	245,117
Debt service	3,249	185,629	188,878
Perpetual care - nonexpendable	86,541	-	86,541
Capital projects	32,779	-	32,779
Other purposes	8,698	-	8,698
Unrestricted	706,425	254,752	961,177
Total net assets	<u>\$ 1,763,423</u>	<u>\$ 5,214,714</u>	<u>\$ 6,978,137</u>

The accompanying notes are an integral part of this statement.

City of Scottville
STATEMENT OF ACTIVITIES
For the year ended June 30, 2005

<i>Functions/Programs</i>	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
Governmental activities							
General government	\$ 239,883	\$ 29,721	\$ 4,825	\$ 49,800	\$ (155,537)	\$ -	\$ (155,537)
Public safety	183,310	-	567	-	(182,743)	-	(182,743)
Public works	284,190	29,125	123,041	-	(132,024)	-	(132,024)
Community and economic development	4,268	-	-	-	(4,268)	-	(4,268)
Culture and recreation	132,882	120,502	-	-	(12,380)	-	(12,380)
Interest on long-term debt	6,250	-	-	-	(6,250)	-	(6,250)
Total governmental activities	850,783	179,348	128,433	49,800	(493,202)	-	(493,202)
Business-type activities							
Sewer	409,110	303,275	-	736,567	-	630,732	630,732
Water	161,868	173,222	-	-	-	11,354	11,354
Total business-type activities	570,978	476,497	-	736,567	-	642,086	642,086
Total government	\$ <u>1,421,761</u>	\$ <u>655,845</u>	\$ <u>128,433</u>	\$ <u>786,367</u>	(493,202)	642,086	148,884
General revenues							
Property taxes					397,321	-	397,321
Grants and contributions not restricted to specific programs					165,967	-	165,967
Unrestricted investment earnings					21,198	7,897	29,095
Other					14,826	-	14,826
Total general revenues					599,312	7,897	607,209
Change in net assets					106,110	649,983	756,093
Net assets at July 1, 2004					1,657,313	4,564,731	6,222,044
Net assets at June 30, 2005					\$ <u>1,763,423</u>	\$ <u>5,214,714</u>	\$ <u>6,978,137</u>

The accompanying notes are an integral part of this statement.

City of Scottville
BALANCE SHEET
Governmental Funds
June 30, 2005

	General Fund	Other governmental funds	Total governmental funds
ASSETS			
Cash and investments	\$ 675,568	\$ 458,427	\$ 1,133,995
Receivables	26,377	-	26,377
Due from other governmental units	52,963	21,429	74,392
Inventories	-	3,789	3,789
Prepaid items	4,909	-	4,909
Total assets	<u>\$ 759,817</u>	<u>\$ 483,645</u>	<u>\$ 1,243,462</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 9,798	\$ 12,736	\$ 22,534
Accrued liabilities	321	-	321
Due to other governmental units	13,436	6,090	19,526
Deferred revenue	8,800	-	8,800
Total liabilities	32,355	18,826	51,181
Fund balances			
Reserved for:			
Inventories	-	3,789	3,789
Prepaid items	4,909	-	4,909
Debt service	-	3,249	3,249
Capital projects	-	32,779	32,779
Rights of way maintenance	-	9,921	9,921
Streets	-	235,196	235,196
Perpetual care	-	86,541	86,541
Unreserved			
Designated for Riverside Park improvements	36,827	-	36,827
Undesignated			
General fund	685,726	-	685,726
Special revenue funds	-	93,344	93,344
Total fund balances	<u>727,462</u>	<u>464,819</u>	<u>1,192,281</u>
Total liabilities and fund balances	<u>\$ 759,817</u>	<u>\$ 483,645</u>	<u>\$ 1,243,462</u>

The accompanying notes are an integral part of this statement.

City of Scottville
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS**
 June 30, 2005

Total fund balance—governmental funds		\$ 1,192,281
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Amounts reported for governmental activities in the Statement of Net Assets
are different because:

Capital assets used in governmental activities are not financial resources and
are not reported in the governmental funds.

Cost of capital assets	\$ 1,004,072	
Accumulated depreciation	<u>(383,581)</u>	620,491

Internal service funds are used by management to charge the costs of equipment used to
individual funds. The assets and liabilities of the internal service funds are included in
governmental activities in the statement of net assets.

320,128

Long-term liabilities in governmental activities are not due and payable in the current period
and are not reported in the governmental funds.

Bonds and contracts payable	(333,289)	
Compensated absences	<u>(34,042)</u>	(367,331)

Accrued interest in governmental activities is not reported in the governmental funds.

(2,146)

Net assets of governmental activities in the Statement of Net Assets

\$ 1,763,423

The accompanying notes are an integral part of this statement.

City of Scottville
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Governmental Funds
For the year ended June 30, 2005

	General Fund	Other governmental funds	Total governmental funds
REVENUES			
Property taxes	\$ 322,232	\$ 75,089	\$ 397,321
Licenses and permits	7,307	-	7,307
Intergovernmental revenues - state	221,159	123,041	344,200
Charges for services	139,480	29,206	168,686
Fines and forfeitures	3,361	-	3,361
Investment earnings	11,498	7,479	18,977
Other	14,034	-	14,034
Total revenues	719,071	234,815	953,886
EXPENDITURES			
Current			
General government	213,868	21,494	235,362
Public safety	185,278	-	185,278
Public works	98,175	115,532	213,707
Community and economic development	4,268	-	4,268
Culture and recreation	124,915	-	124,915
Debt service			
Principal	2,021	70,380	72,401
Interest and fees	-	7,596	7,596
Capital outlay	72,481	7,001	79,482
Total expenditures	701,006	222,003	923,009
Excess of revenues over (under) expenditures	18,065	12,812	30,877
OTHER FINANCING SOURCES (USES)			
Transfers in	1,609	74,858	76,467
Transfers out	(1,462)	(75,005)	(76,467)
Total other financing sources (uses)	147	(147)	-
Net change in fund balances	18,212	12,665	30,877
Fund balances at July 1, 2004	709,250	452,154	1,161,404
Fund balances at June 30, 2005	\$ 727,462	\$ 464,819	\$ 1,192,281

The accompanying notes are an integral part of this statement.

City of Scottville
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
For the year ended June 30, 2005

Net change in fund balances—total governmental funds: \$ 30,877

Amounts reported for governmental activities in the Statement of Activities are
different because:

Governmental funds report outlays for capital assets as expenditures. In the Statement
of Activities, these costs are depreciated over their estimated useful lives.

Depreciation expense	\$ (20,113)	
Capital outlay	<u>79,482</u>	59,369

Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		72,401
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Change in estimate of landfill remediation debt		(67,580)
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Accrued interest on long-term debt is recorded in the Statement of Activities when incurred, but is not reported in the governmental funds until paid.		1,349
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Increases in the compensated absences are reported on the accrual method in the Statement of Activities and reported as expenditures when financial resources are used in the governmental funds.		4,440
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Internal service funds are used by management to charge the costs of equipment used to individual funds. The net revenue of the internal service funds is reported with governmental activities.		<u>5,254</u>
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Change in net assets of governmental activities		<u><u>\$ 106,110</u></u>
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The accompanying notes are an integral part of this statement.

City of Scottville
STATEMENT OF NET ASSETS
Proprietary Funds
June 30, 2005

ASSETS

	Business-type activities - Enterprise Funds			Governmental activities- Internal Service Fund
	Sewer	Water	Total	
CURRENT ASSETS				
Cash and investments	\$ 104,770	\$ 176,805	\$ 281,575	\$ 176,963
Restricted cash and investments	-	62,269	62,269	-
Accounts receivable	31,621	9,558	41,179	-
Inventories	-	11,612	11,612	-
Total current assets	136,391	260,244	396,635	176,963
NONCURRENT ASSETS				
Restricted cash and investments	92,358	31,002	123,360	-
Capital assets, net				
Land and improvements	-	6,457	6,457	-
Systems	7,217,840	1,311,496	8,529,336	17,748
Equipment and furniture	18,397	58,497	76,894	663,385
Less accumulated depreciation	(308,868)	(570,908)	(879,776)	(531,321)
Total noncurrent assets	7,019,727	836,544	7,856,271	149,812
Total assets	7,156,118	1,096,788	8,252,906	326,775
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	23	4	27	90
Accrued liabilities	28,944	2,226	31,170	-
Customer deposits	2,500	6,730	9,230	-
Due to other governmental units	23,997	21,749	45,746	-
Bonds and contracts, due within one year	95,600	34,100	129,700	-
Total current liabilities	151,064	64,809	215,873	90
NONCURRENT LIABILITIES				
Bonds and contracts, less amounts due within one year	2,438,103	390,775	2,828,878	-
Total liabilities	2,589,167	455,584	3,044,751	90
NET ASSETS				
Invested in capital assets, net of related debt	4,393,666	380,667	4,774,333	149,812
Restricted for:				
Replacement	92,358	-	92,358	-
Debt service	-	93,271	93,271	-
Unrestricted	80,927	167,266	248,193	176,873
Total net assets	\$ 4,566,951	\$ 641,204	5,208,155	\$ 326,685
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			6,559	
Net assets of business-type activities			\$ 5,214,714	

The accompanying notes are an integral part of this statement.

City of Scottville
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 Proprietary Funds
 For the year ended June 30, 2005

	Business-type activities - Enterprise Funds			Governmental activities- Internal Service Fund
	Sewer	Water	Total	
REVENUES				
Charges for services	\$ 302,489	\$ 173,222	\$ 475,711	\$ 72,515
Other	786	-	786	786
Total operating revenues	303,275	173,222	476,497	73,301
OPERATING EXPENSES				
Administration	32,854	17,510	50,364	-
Operations	158,889	93,947	252,836	45,201
Depreciation and amortization	131,540	28,794	160,334	24,245
Total operating expenses	323,283	140,251	463,534	69,446
Operating income (loss)	(20,008)	32,971	12,963	3,855
NONOPERATING REVENUES (EXPENSES)				
Special assessments	3,161	-	3,161	-
Investment income	4,130	3,767	7,897	2,220
Interest expense	(86,297)	(21,968)	(108,265)	-
Total nonoperating revenue (expenses)	(79,006)	(18,201)	(97,207)	2,220
Income (loss) before contributions	(99,014)	14,770	(84,244)	6,075
Capital contributions	733,406	-	733,406	-
Change in net assets	634,392	14,770	649,162	6,075
Total net assets at July 1, 2004	3,932,559	626,434		320,610
Total net assets at June 30, 2005	<u>\$ 4,566,951</u>	<u>\$ 641,204</u>		<u>\$ 326,685</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to enterprise funds			821	
Change in net assets of business-type activities			<u>\$ 649,983</u>	

The accompanying notes are an integral part of this statement.

City of Scottville
STATEMENT OF CASH FLOWS
Proprietary Funds
For the year ended June 30, 2005

	Enterprise Funds			Internal Service Fund
	Sewer	Water	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 307,279	\$ 172,904	\$ 480,183	\$ 73,401
Receipts from interfund services provided	663	1,282	1,945	6,000
Payments to suppliers	(233,719)	(82,406)	(316,125)	(33,827)
Payments to employees	(40,103)	(30,175)	(70,278)	(11,960)
Internal activity—payments (to) from other funds	15,520	(15,520)	-	-
Net cash provided by operating activities	49,640	46,085	95,725	33,614
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital debt	133,679	-	133,679	-
Capital contributions	733,406	-	733,406	-
Special assessments	3,161	-	3,161	-
Purchases of capital assets	(764,730)	-	(764,730)	-
Principal and interest paid on capital debt	(208,116)	(46,968)	(255,084)	-
Net cash used for capital and related financing activities	(102,600)	(46,968)	(149,568)	-
CASH FLOW FROM INVESTING ACTIVITIES				
Investment income	4,130	3,767	7,897	2,220
Net cash provided by investing activities	4,130	3,767	7,897	2,220
Net increase (decrease) in cash and investments	(48,830)	2,884	(45,946)	35,834
Cash and investments at July 1, 2004	245,958	267,192	513,150	141,129
Cash and investments at June 30, 2005	<u>\$ 197,128</u>	<u>\$ 270,076</u>	<u>\$ 467,204</u>	<u>\$ 176,963</u>
Reconciliation of operating income to net cash provided by operating activities				
Operating income (loss)	\$ (20,008)	\$ 32,971	\$ 12,963	\$ 3,855
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization expense	131,540	28,794	160,334	24,245
Change in assets and liabilities				
(Increase) decrease in receivables, net	5,964	364	6,328	101
(Increase) decrease in internal activities	15,520	(15,520)	-	6,000
Increase in inventories	-	(4,078)	(4,078)	-
Increase (decrease) in accounts and other payables	(1,252)	4	(1,248)	(587)
Increase (decrease) in intergovernmental payables	(81,061)	2,957	(78,104)	-
Increase (decrease) in accrued expenses	237	(7)	230	-
Increase (decrease) in customer deposits	(1,300)	600	(700)	-
Net cash provided by operating activities	<u>\$ 49,640</u>	<u>\$ 46,085</u>	<u>\$ 95,725</u>	<u>\$ 33,614</u>

The accompanying notes are an integral part of this statement.

City of Scottville
STATEMENT OF FIDUCIARY NET ASSETS
 Fiduciary Funds
 June 30, 2005

	<u>Trust Fund</u> Riverside Park	<u>Agency Fund</u> Escrow Tax Trust
ASSETS		
Cash and investments	\$ 10,554	\$ 1,876
LIABILITIES		
Due to other governmental units	<u> -</u>	<u> 1,876</u>
Total liabilities	<u> -</u>	<u> 1,876</u>
NET ASSETS		
Held in trust for benefits and other purposes	\$ <u>10,554</u>	\$ <u> -</u>

The accompanying notes are an integral part of this statement.

City of Scottville
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
Fiduciary Funds
For the year ended June 30, 2005

	Riverside Park Memorial Trust Fund
	<u> </u>
ADDITIONS	
Investment gain	\$ <u> 124 </u>
Change in net assets	124
Net assets at July 1, 2004	<u> 10,430 </u>
Net assets at June 30, 2005	\$ <u><u> 10,554 </u></u>

The accompanying notes are an integral part of this statement.

City of Scottville
NOTES TO FINANCIAL STATEMENTS
June 30, 2005

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Scottville (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

1. Reporting Entity

The City of Scottville (City) is a municipal corporation governed by an elected seven member council with an appointed mayor. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations.

Blended Component Unit

Downtown Development Authority (DDA). The City appoints all Board members and approves annual budgets for the Authority, and the legal liability for the general obligation portion of the Authority's debt remains with the City. The Authority is reported as a special revenue fund.

2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

City of Scottville
NOTES TO THE FINANCIAL STATEMENTS—CONTINUED
June 30, 2005

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation—Continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental fund:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

The Sewer Fund operates the City's sewage pumping station, collection systems and pays for access to the City of Ludington's sewage treatment plant.

The Water Fund operates the City's water distribution system.

Additionally, the City reports the following fund types:

The Internal Service Fund accounts for equipment used in other departments of the City on a cost reimbursement basis.

The private purpose simple trust fund is used to account for resources held in trust for the Riverside Park.

The Agency Fund is custodial in nature and does not measure results of operations or have a measurement focus.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

City of Scottville
NOTES TO THE FINANCIAL STATEMENTS—CONTINUED
June 30, 2005

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation—Continued

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. The enterprise funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

4. Assets, Liabilities and Net Assets or Equity

a. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of six months or less from the date of acquisition.

The City reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Under this standard, certain investments are valued at fair value as determined by quoted market prices or by estimated fair values when quoted market prices are not available. The standard also provides that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed and the City intends to hold the investment until maturity.

The City has adopted an investment policy in compliance with State of Michigan statutes. Those statutes authorize the City to invest in obligations of the United States, certificates of deposit, prime commercial paper, securities guaranteed by United States agencies or instrumentalities, United States government or federal agency obligation repurchase agreements, bankers acceptances, state-approved investment pools and certain mutual funds.

City of Scottville
NOTES TO THE FINANCIAL STATEMENTS—CONTINUED
June 30, 2005

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

4. Assets, Liabilities and Net Assets or Equity—Continued

b. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of allowance for uncollectibles.

The City bills and collects its own property taxes. Taxes levied on July 1 are due without penalty on or before August 31. The property taxes attach as an enforceable lien on property as of July 1. Uncollected real property taxes as of the following March 1 are turned over by the City to the County for collection. The County advances the City all of these delinquent real property taxes. Collection of delinquent personal property taxes as of March 1 remain the responsibility of the City Treasurer. Since substantially all City property taxes levied are current receivables, tax revenues are recognized when levied.

The 2004 state taxable value for real/personal property of the City totaled approximately \$18,405,344 of which approximately \$2,704,600 was captured by the DDA. The ad valorem taxes levied consisted of 17.51 mills for operation and 1.5 mills for garbage collection. An additional 2.0 mills is levied on all taxable value in the DDA district of approximately \$3,279,000. These amounts are recognized in the respective General Fund and DDA.

c. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out(FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

d. Restricted Assets

Certain proceeds of the Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

City of Scottville
NOTES TO THE FINANCIAL STATEMENTS—CONTINUED
June 30, 2005

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

4. Assets, Liabilities and Net Assets or Equity—Continued

e. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The City has elected to capitalize infrastructure assets using the prospective approach, from fiscal year 2004 forward.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Public domain infrastructure	20-30
System infrastructure and improvements	10-66
Vehicles and equipment	5-20

f. Compensated Absences

City employees are granted vacation and sick leave in varying amounts based on length of service. Accumulated vacation leave must be taken in the current calendar year. Upon termination, employees are paid for unused vacation at their current rates. Sick leave is accumulated at the rate of one day per month of employment up to 880 hours. Unused accumulated sick leave is paid to employees with 10 years or more of service who resign or retire, limited to 30 days, not to exceed \$4,000 per employee. All vacation and sick pay is accrued when incurred in the government-wide, financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

City of Scottville
NOTES TO THE FINANCIAL STATEMENTS—CONTINUED
June 30, 2005

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

4. Assets, Liabilities and Net Assets or Equity—Continued

g. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

h. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

i. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

NOTE B—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the capital projects funds, which adopt project-length budgets, and the permanent fund, which is not budgeted. All annual appropriations lapse at fiscal year end.

The City follows these procedures in establishing the budgetary information provided in the financial statements:

- a. Prior to June 30, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted at the City Hall to obtain taxpayer comments.

City of Scottville
NOTES TO THE FINANCIAL STATEMENTS—CONTINUED
June 30, 2005

NOTE B—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY—Continued

Budgetary Information—Continued

- c. Not later than the second Monday in May, the budget is legally enacted through passage of a resolution.
- d. Supplemental appropriations, when required to provide for additional expenditures, are matched by additional anticipated revenues or an appropriation of available fund balance and must be approved by the City Council. All appropriations lapse at year end.

The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the department level. The City Council made several supplemental budgetary appropriations throughout the year.

NOTE C—DEPOSITS AND INVESTMENTS

As of June 30, 2005, the City had only cash and cash equivalents.

Interest rate risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. State law limits investments in commercial paper and corporate bonds to the two highest classifications issued by nationally recognized statistical rating organizations (NRSROs). The City has no investment policy that would further limit its investment choices.

Concentration of credit risk. The City does not have a concentration of credit risk policy. Concentration of credit risk is the risk of loss attributed to the magnitude of the City investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2005, \$1,702,306 of the City's bank balance of \$1,805,925 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk - investments. The City does not have a custodial credit risk policy for investments. This is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Foreign currency risk. The City is not authorized to invest in investments which have this type of risk.

City of Scottville
NOTES TO THE FINANCIAL STATEMENTS—CONTINUED
June 30, 2005

NOTE C—DEPOSITS AND INVESTMENTS—Continued

3. Restricted Assets

Restrictions are placed on assets by bond ordinance and City Council action. At June 30, 2005, restricted cash and investments in the City are restricted as follows:

Water Fund	
Repairs and maintenance	\$ 31,002
Bond and interest redemption fund	8,351
Bond Reserve Fund	53,918
Sewer Fund	
Replacement Reserve Fund	<u>92,358</u>
	<u>\$ 185,629</u>

NOTE D—CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005 was as follows:

	<u>Balance</u> <u>July 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2005</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 171,359	\$ -	\$ -	\$ 171,359
Capital assets, being depreciated:				
Land improvements	6,000	65,046	-	71,046
Buildings and improvements	666,424	2,635	-	669,059
Equipment	763,551	4,800	1,611	766,740
Construction in progress	<u>-</u>	<u>7,001</u>	<u>-</u>	<u>7,001</u>
Total capital assets being depreciated	<u>1,435,975</u>	<u>79,482</u>	<u>1,611</u>	<u>1,513,846</u>
Less accumulated depreciation:				
Land improvements	-	-	-	-
Buildings and improvements	305,023	13,077	-	318,100
Equipment	<u>567,132</u>	<u>31,281</u>	<u>1,611</u>	<u>596,802</u>
Total accumulated depreciation	<u>872,155</u>	<u>44,358</u>	<u>1,611</u>	<u>914,902</u>
Total capital assets, being depreciated, net	<u>563,820</u>	<u>35,124</u>	<u>-</u>	<u>598,944</u>
Capital assets, net	<u>\$ 735,179</u>	<u>\$ 35,124</u>	<u>\$ -</u>	<u>\$ 770,303</u>

City of Scottville
NOTES TO THE FINANCIAL STATEMENTS—CONTINUED
June 30, 2005

NOTE D—CAPITAL ASSETS—Continued

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 6,457	\$ -	\$ -	\$ 6,457
Capital assets, being depreciated:				
Water system	1,311,496	-	-	1,311,496
Sewer system	6,453,110	764,730	-	7,217,840
Equipment	<u>76,894</u>	<u>-</u>	<u>-</u>	<u>76,894</u>
Total capital assets, being depreciated	<u>7,841,500</u>	<u>764,730</u>	<u>-</u>	<u>8,606,230</u>
Less accumulated depreciation:				
Water system	503,358	24,503	-	527,861
Sewer system	164,434	130,837	-	295,271
Equipment	<u>51,650</u>	<u>4,994</u>	<u>-</u>	<u>56,644</u>
Total accumulated depreciation	<u>719,442</u>	<u>160,334</u>	<u>-</u>	<u>879,776</u>
Total capital assets, being depreciated, net	<u>7,122,058</u>	<u>604,396</u>	<u>-</u>	<u>7,726,454</u>
Capital assets, net	\$ <u>7,128,515</u>	\$ <u>604,396</u>	\$ <u>-</u>	\$ <u>7,732,911</u>

Depreciation

Depreciation expense was charged to functions as follows:

Government activities:

General government	\$ 3,741
Public safety	2,957
Public works	5,358
Culture and recreation	8,057
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>24,245</u>

Total depreciation expense - governmental activities \$ 44,358

Business-type activities:

Water system	\$ 28,794
Sewer system	<u>131,540</u>

Total depreciation expense - business-type activities \$ 160,334

City of Scottville
NOTES TO THE FINANCIAL STATEMENTS—CONTINUED
June 30, 2005

NOTE E—DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue, which represented unearned revenue reported in the governmental funds were for camping fees in the amount of \$8,800.

NOTE F—INTERFUND TRANSFERS

The composition of interfund balances is as follows:

Interfund transfers:

<u>Transfer out</u>	<u>General Fund</u>	<u>Transfers in</u>	
		<u>Nonmajor governmental</u>	<u>Purpose</u>
General Fund	\$ -	\$ 1,462	Operations
Nonmajor governmental funds	-	13,000	Operations
Nonmajor governmental funds	<u>1,609</u>	<u>60,396</u>	Debt Service
Total	<u>\$ 1,609</u>	<u>\$ 74,858</u>	

NOTE G—LONG-TERM DEBT

Summary of Changes in Long-Term Liabilities

The following is a summary of long-term liabilities activity for the City for the year ended June 30, 2005.

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2005</u>	<u>Due within one year</u>
Governmental activities:					
General obligation bonds	\$ 72,400	\$ -	\$ 30,800	\$ 41,600	\$ 26,000
Michigan Transportation fund bonds	69,000	-	22,000	47,000	23,000
Installment purchase agreements	3,110	-	2,021	1,089	1,089
Landfill remediation cost	193,600	67,580	17,580	243,600	11,611
Compensated absences	<u>38,482</u>	<u>-</u>	<u>4,440</u>	<u>34,042</u>	<u>9,344</u>
Governmental activity long-term liabilities	<u>\$ 376,592</u>	<u>\$ 67,580</u>	<u>\$ 76,841</u>	<u>\$ 367,331</u>	<u>\$ 71,044</u>
Business-type activities:					
Revenue bonds	\$ 2,853,036	\$ 88,179	\$ 47,922	\$ 2,893,293	\$ 64,400
Advance from Mason County	<u>114,185</u>	<u>45,500</u>	<u>94,400</u>	<u>65,285</u>	<u>65,300</u>
	<u>\$ 2,967,221</u>	<u>\$ 133,679</u>	<u>\$ 142,322</u>	<u>\$ 2,958,578</u>	<u>\$ 129,700</u>

The Internal Service Fund predominantly serves the governmental fund. Accordingly, long-term liabilities for it are included as part of the above totals for governmental activities.

City of Scottville
NOTES TO THE FINANCIAL STATEMENTS—CONTINUED
June 30, 2005

NOTE G—LONG-TERM DEBT—Continued

	Balance <u>June 30, 2005</u>
Governmental activities	
General obligation bonds:	
\$125,000 General Obligation Limited Tax Development Bonds of 1990 due in annual installments of \$11,000 to \$17,000 through August 2005; plus interest at 7.125%	\$ 11,000
\$137,000 General Obligation Limited Tax Refunding Bonds series 2001 due in annual installments at \$15,000 to \$15,600 through January 2007; plus interest at 7.0%	<u>30,600</u> 41,600
Michigan Transportation Fund bonds	
\$95,000 Michigan Transportation Fund Bonds series 2001 due in annual installments of \$23,000 to \$24,000 through February 2007; plus interest ranging from 4.5% to 4.6%	47,000
Installment purchase agreements	
\$5,780 Equipment installment note due in monthly installments of approximately \$190 including interest through December 2005; interest at 10%	<u>1,089</u> 1,089
Landfill remediation costs	
Landfill remediation costs estimated annual cost of approximately \$11,600 through June 2026 (note H3)	<u>243,600</u> 333,289
Compensated absences	<u>34,042</u>
	<u>\$ 367,331</u>
Business-type activities:	
Revenue bonds:	
\$720,000 Water Supply Revenue Bonds of 1975 due in annual installments of \$30,000 through January 2014; plus interest at 5%	\$ 270,000
\$375,000 Obligation to Mason County payable due in annual installments of \$10,000 to \$25,000 through March 2030; plus interest ranging from 4.3% to 5.6%	375,000
\$2,271,215 Obligation to Mason County due in annual installments of \$24,400 to \$113,600 though April 2043; plus interest at 4.5%	<u>2,248,293</u> 2,893,293

City of Scottville
NOTES TO THE FINANCIAL STATEMENTS—CONTINUED
June 30, 2005

NOTE G—LONG-TERM DEBT—Continued

Summary of Changes in Long-Term Liabilities—Continued

Advance from Mason County

Advance of up to \$472,000 from Mason County due
in annual installments of \$94,400 through April
2008; plus interest at 4%. As of June 30, 2005
\$254,085 had been drawn against the advance.

\$ 65,285

\$ 2,958,578

The obligation to Mason County is an estimate by the County of the City's portion of the sewer project.
Final amounts will be determined at the end of the project.

The general obligation bonds are backed by the full faith and credit of the City.

The City was in compliance in all material respects with all the revenue bond ordinances at June 30, 2005.

Annual debt service requirements to maturity for debt outstanding as of June 30, 2005 follows:

Year ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2006	\$ 61,700	\$ 4,700	\$ 129,700	\$ 136,600
2007	51,200	2,201	65,500	131,000
2008	11,600	-	68,400	127,900
2009	11,600	-	68,400	124,700
2010	11,600	-	68,400	121,400
2011-2015	58,000	-	329,500	554,700
2016-2020	58,000	-	268,200	485,400
2021-2025	58,000	-	337,600	415,300
2026-2030	45,631	-	422,700	326,000
2031-2035	-	-	384,400	236,800
2036-2040	-	-	478,700	142,200
2041-2044	-	-	337,078	30,572
Total	\$ <u>367,331</u>	\$ <u>6,901</u>	\$ <u>2,958,578</u>	\$ <u>2,832,572</u>

City of Scottville
NOTES TO THE FINANCIAL STATEMENTS—CONTINUED
June 30, 2005

NOTE H—OTHER INFORMATION

1. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss in excess of insurance coverage can be reasonably estimated. There has been no loss in excess of insurance in the past three years.

2. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability to the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

3. Landfill Remediation

During 1996, The City completed the landfill remediation project. As part of the landfill remediation, the City must continue to monitor the area. The monitoring will be done through the testing of well samples twice a year for at least thirty years. The estimated liability is reported in Note G. The liability is estimated based on the average actual costs over three years, then extrapolated to the number of years remaining. The change in estimate this year resulted in an increase to the liability for governmental activities at July 1, 2004 of \$67,580.

4. Commitments

The City has a commitment for engineering services for a road project as of June 30, 2005 which is evidenced by a contractual agreement as follows:

	<u>Contract amount</u>	<u>Incurred as of June 30</u>	<u>Remaining commitment</u>
West Johnson Road upgrade	\$ 43,800	\$ 7,001	\$ 36,799

City of Scottville
NOTES TO THE FINANCIAL STATEMENTS—CONTINUED
June 30, 2005

NOTE I—EMPLOYEE PENSION PLAN

Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all full-time City employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency. The City contributes 10 percent of participating employees' annual compensation each plan year. Total match contributions for the year ended June 30, 2005 approximated \$31,100.

The Plan has created a trust for the exclusive benefit of the Plan's participants and beneficiaries under rules provided in Internal Revenue Code Section 401(f).

NOTE J—ECONOMIC DEPENDENCY

State of Michigan shared revenues represent 23 percent of General Fund revenues.

REQUIRED SUPPLEMENTAL INFORMATION

City of Scottville
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE

General Fund

For the year ended June 30, 2005

	Budgeted amounts		Actual amounts,	Variance with
	Original	Final	budgetary basis	final budget - positive (negative)
REVENUES				
Property taxes	\$ 317,300	\$ 326,300	\$ 322,232	\$ (4,068)
Licenses and permits	5,600	6,200	7,307	1,107
Intergovernmental revenues - state	200,500	210,325	221,159	10,834
Charges for services	153,100	153,400	139,480	(13,920)
Fines and forfeitures	3,000	3,000	3,361	361
Investment earnings	10,000	14,000	11,498	(2,502)
Other	10,750	14,262	14,034	(228)
Total revenues	700,250	727,487	719,071	(8,416)
EXPENDITURES				
Current				
General government	239,985	229,387	213,868	15,519
Public safety	179,652	184,284	185,278	(994)
Public works	95,043	100,833	98,175	2,658
Community and economic development	4,438	4,438	4,268	170
Culture and recreation	97,596	133,599	124,915	8,684
Capital outlay	63,000	67,685	72,481	(4,796)
Total expenditures	679,714	720,226	698,985	21,241
Excess of revenues over (under) expenditures	20,536	7,261	20,086	12,825
OTHER FINANCING SOURCES (USES)				
Transfers in	2,500	2,500	1,609	(891)
Transfers out	(1,462)	(1,462)	(1,462)	-
Total other financing sources and uses	1,038	1,038	147	(891)
Net change in fund balances	\$ 21,574	\$ 8,299	20,233	\$ 11,934
Fund balances—at July 1, 2004			709,250	
Fund balances—at June 30, 2005			\$ 729,483	

OTHER SUPPLEMENTAL INFORMATION

City of Scottville
COMBINING BALANCE SHEET
Nonmajor Governmental Funds
June 30, 2005

	Total nonmajor governmental funds	Special Revenue Funds						Debt Service				Permanent Fund Cemetery Perpetual Fund
		Major Streets	Local Streets	Garbage and Refuse Collection	DDA Operations	Law Enforcement	Capital Project	1992 Street Debt	1996 Street Debt	2001 Street Debt	DDA Debt	
ASSETS												
Cash and investments	\$ 458,427	\$ 190,345	\$ 40,354	\$ 59,095	\$ 44,114	\$ 1,950	\$ 32,779	\$ 931	\$ 1,196	\$ -	\$ 1,122	\$ 86,541
Due from other governmental units	21,429	12,407	9,022	-	-	-	-	-	-	-	-	-
Inventories	3,789	-	-	3,789	-	-	-	-	-	-	-	-
Total assets	<u>\$ 483,645</u>	<u>\$ 202,752</u>	<u>\$ 49,376</u>	<u>\$ 62,884</u>	<u>\$ 44,114</u>	<u>\$ 1,950</u>	<u>\$ 32,779</u>	<u>\$ 931</u>	<u>\$ 1,196</u>	<u>\$ -</u>	<u>\$ 1,122</u>	<u>\$ 86,541</u>
LIABILITIES AND FUND BALANCES												
Liabilities												
Accounts payable	\$ 12,736	\$ 7,001	\$ 10	\$ 4,021	\$ 1,704	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governmental units	6,090	-	-	6,090	-	-	-	-	-	-	-	-
Total liabilities	18,826	7,001	10	10,111	1,704	-	-	-	-	-	-	-
Fund balances												
Reserved for:												
Inventories	3,789	-	-	3,789	-	-	-	-	-	-	-	-
Debt service	3,249	-	-	-	-	-	-	931	1,196	-	1,122	-
Capital projects	32,779	-	-	-	-	-	32,779	-	-	-	-	-
Rights of way maintenance	9,921	-	9,921	-	-	-	-	-	-	-	-	-
Streets	235,196	195,751	39,445	-	-	-	-	-	-	-	-	-
Perpetual care	86,541	-	-	-	-	-	-	-	-	-	-	86,541
Unreserved	93,344	-	-	48,984	42,410	1,950	-	-	-	-	-	-
Total fund balances	<u>464,819</u>	<u>195,751</u>	<u>49,366</u>	<u>52,773</u>	<u>42,410</u>	<u>1,950</u>	<u>32,779</u>	<u>931</u>	<u>1,196</u>	<u>-</u>	<u>1,122</u>	<u>86,541</u>
Total liabilities and fund balances	<u>\$ 483,645</u>	<u>\$ 202,752</u>	<u>\$ 49,376</u>	<u>\$ 62,884</u>	<u>\$ 44,114</u>	<u>\$ 1,950</u>	<u>\$ 32,779</u>	<u>\$ 931</u>	<u>\$ 1,196</u>	<u>\$ -</u>	<u>\$ 1,122</u>	<u>\$ 86,541</u>

City of Scottville
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Nonmajor Governmental Funds
For the year ended June 30, 2005

	Total nonmajor governmental funds	Special Revenue Funds						Debt Service Funds				Permanent Fund Cemetery Perpetual Fund
		Major Streets	Local Streets	Garbage and Refuse Collection	DDA Operations	Law Enforcement	Capital Project	1992 Street Debt	1996 Street Debt	2001 Street Debt	DDA Debt	
REVENUES												
Property taxes	\$ 75,089	\$ -	\$ -	\$ 26,562	\$ 48,527	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues - state	123,041	90,881	32,160	-	-	-	-	-	-	-	-	-
Charges for services	29,206	-	-	29,131	-	-	-	-	-	-	-	75
Investment earnings	7,479	2,688	415	1,116	925	-	386	-	-	-	-	1,949
Total revenues	234,815	93,569	32,575	56,809	49,452	-	386	-	-	-	-	2,024
EXPENDITURES												
Current												
General government	21,494	-	-	-	21,389	-	-	-	-	-	-	105
Public works	115,532	33,954	36,981	44,597	-	-	-	-	-	-	-	-
Debt service												
Principal	70,380	-	-	17,580	-	-	-	-	13,800	22,000	17,000	-
Interest and fees	7,596	-	-	-	-	-	-	-	3,108	2,898	1,590	-
Capital Outlay	7,001	7,001	-	-	-	-	-	-	-	-	-	-
Total expenditures	222,003	40,955	36,981	62,177	21,389	-	-	-	16,908	24,898	18,590	105
Excess of revenues over (under) expenditures	12,812	52,614	(4,406)	(5,368)	28,063	-	386	-	(16,908)	(24,898)	(18,590)	1,919
OTHER FINANCING SOURCES (USES)												
Transfers in	74,858	-	14,462	-	-	-	-	-	16,908	24,898	18,590	-
Transfers out	(75,005)	(37,898)	-	-	(35,498)	-	-	-	-	-	-	(1,609)
Total other financing sources (uses)	(147)	(37,898)	14,462	-	(35,498)	-	-	-	16,908	24,898	18,590	(1,609)
Net change in fund balances	12,665	14,716	10,056	(5,368)	(7,435)	-	386	-	-	-	-	310
Fund balances at July 1, 2004	452,154	181,035	39,310	58,141	49,845	1,950	32,393	931	1,196	-	1,122	86,231
Fund balances at June 30, 2005	\$ 464,819	\$ 195,751	\$ 49,366	\$ 52,773	\$ 42,410	\$ 1,950	\$ 32,779	\$ 931	\$ 1,196	\$ -	\$ 1,122	\$ 86,541